About the Author

J. Anthony Hardenburgh
Vice President, Global Trade Content
Amber Road

J. Anthony Hardenburgh brings over 12 years of international trade experience to Amber Road where he manages a global team of international trade professionals who monitor and maintain the company's vast amount of trade compliance content. Prior to joining Amber Road, Anthony served as Vice President of Global Trade Content for JPMorgan Chase Vastera. During his six years with the company he managed a global team of trade professionals responsible for supporting both its software and managed services operations. Previously, Anthony served as a Director for From2, a global trade management company located in Miami, FL. Prior to From2, Anthony served as an International Trade Specialist for the US Department of Commerce. As an International Trade Specialist he was responsible for counseling small to medium size exporters on exporting their goods and services. Anthony has a Bachelor in International Business from Virginia Polytechnic Institute & State University and an MBA from Marymount University.

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Supply Chain Comment

By J. Anthony Hardenburgh, Vice President, Global Trade Content, Amber Road
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Anti-Dumping and Countervailing Duties

The Importance of These Duties to Supply Chain Managers

The terms "countervailing" and "anti-dumping duties" are often used together without necessarily distinguishing the two — in fact they are often abbreviated as ADD/CVD. What are these duties, and why are they important to supply chain managers?

Countervailing duties address the consequences of subsidies granted by governments for the production of certain goods. Subsidies effectively make goods less expensive, and when subsidized goods enter other countries, they may undercut or injure local producers. If there is a determination that Country A's producers have been injured by Country B's subsidies, then Country A may impose countervailing duties on the goods to close the price gap. Countervailing duties neutralize the negative effects of subsidies.

Dumping refers to actions taken by companies, not governments. If a company exports a product at a price lower than the price it normally charges within its own home market, it is said to be "dumping" the product. Therefore, when a government imposes anti-dumping duties, it is attempting to bring an imported product's price closer to a "normal value." The net objective is to protect domestic businesses from unfair pricing practices.

Hardenburgh Says:

"Supply chain managers need to understand how ADD/CVD affect the total landed cost of goods. Parts and products that may initially look attractive based on price may be less economical when these duties are factored in.

The actions that governments may take in anti-dumping or anti-subsidy situations are closely regulated by the World Trade Organization, however, whether a government chooses to take those actions is determined by its own legislature. For example, on March 14, 2012, President Obama signed legislation that clarifies the Commerce Department's ability to apply countervailing duties on subsidized imports from non-market economies, including China and Vietnam.

In ADD/CVD investigations, the Commerce Department determines whether the alleged subsidies or dumping are actually occurring and, if so, at what levels (e.g., the subsidy or dumping "margin"). The US International Trade Commission (USITC) determines whether a US industry is materially injured by the dumped or subsidized imports. If both agencies' final determinations are affirmative, duties can be imposed and collected.

Supply chain managers need to understand how ADD/CVD affect the total landed cost of goods. Parts and products that may initially look attractive based on price may be less economical when these duties are factored in. There is a searchable database with over 16,000 ADD/CVD entries available from USCBP, and several global trade management software solutions also track ADD/CVD by Harmonized Schedule (HS) numbers.

Final Thoughts

The presence of an anti-dumping duty may also raise a red flag and not just for financial reasons. If a company is able to sell a product at a cut rate, it may indicate the company is making use of illegal means of production or other unfair trade practices.

The presence of a countervailing duty may indicate that there is a domestic production capability that could be injured by the importation of those goods. Many supply chain managers may then choose to source comparable goods domestically – avoiding duties altogether and potentially saving on shipping costs.

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